

WEARE FINANCE COMMITTEE

2005 REPORT

COMMITTEE MEMBERS

Theresa Pinto, Chair
Jonathan Dowst
Matt Esenwine
David Hunt
Bob Knapp
Keith Lacasse
Brenda Lashway
John Lawton
Cindy Mahoney
Will Ottery
Peter Rice
Ike Shepard

The Finance Committee would like to thank the Board of Selectmen, the School Boards and SAU staff, and the Town Officers and staff for the cooperation and compromise exhibited throughout the budget process. Readers will note that the Finance Committee is supportive of the majority of the proposed School and Town budgets. This is not because the Finance Committee has been derelict in its duty to represent the taxpayers' perspective in its work! Rather, the Finance Committee took on an active role in the budget process, and Town and School officials were responsive to these efforts and our recommendations. The result is a set of negotiated budget proposals that, except as noted, we feel represents a fair balance between fiscal conservatism and good government.

The Finance Committee has developed an additional budget analysis and summary document that explains the budget in much more detail. Please visit the Town web site (weare.nh.gov) to view or download this additional document.

Our summary commentary and recommendations follow.

1. Overall town and school operating budgets less non-tax revenue is projected to **decrease** proposed local taxation by 1% (approximately \$145,000), before consideration of non-operating warrant articles and any adjustments in State funding.
 - The Town's non-school proposed operating budget is up approximately 8% / \$271,000 prior to offsetting revenue sources. \$167,000 of that increase also appears in the default budget. The Finance Committee has recommended some default budget changes to the Board of Selectmen.
 - The Weare School District proposed operating budget is up by 2.9% (6% after consideration of a retiring Center Woods bond obligation), with a proposed next tax impact after State funding of 8% over 2004.
 - The John Stark proposed operating budget is up by 2.1% (6.8% if the warrant article for the new teacher contract is passed). However, the projected net tax impact after State funding represents a **15% decrease** when compared with last year, if State Education funding formula changes hold (see Items #6 and 7 below).

2. The total impact of the *non-operating* Town Warrant Articles, if they all passed, would be significant at approximately \$1.197 million above and beyond the operating budgets. As such they would almost double the impact of the non-school Town Operating Budget (which has an approximate \$1.214 million net tax impact).

Several articles (#s 24, 25 and 26) deal with Capital Reserve Account funding. The Finance Committee reviewed the Capital Reserve Replacement Fund document that guides the schedule of funding for these accounts. The level of planning and detail in the document generally impressed the Finance Committee. These Capital Reserve funds save, in advance, for the maintenance and replacement of Town equipment as it ages and becomes obsolete. The plans are detailed, well thought out, and rational. ***Consistent funding by vote of the taxpayers, and careful oversight of these funds by Town officials, should maintain a manageable and predictable tax impact for capital equipment over time, and will help the Town maintain consistent services to taxpayers.***

3. The Finance Committee **RECOMMENDS** approval of the Town Operating Budget Warrant (article #23). The Finance Committee originally had issues with several items in the proposed budget. However, the Board of Selectmen, the Fire Chief, the Acting Police Chief, and the Finance Committee negotiated a compromise budget that is lower than the original proposal and also provides for adequate Town services and administration.
4. The Finance Committee **RECOMMENDS** approval of the Weare School District Warrant article for the new Weare Middle School (article #1 in the Weare School ballot). The Finance Committee notes that the project compares well to State standards and other projects in NH, and notes the well-documented issues with the current WMS facility that will not improve with age.
5. The Finance Committee does **NOT RECOMMEND** the Weare School District's Operating Budget (article #4 of the Weare School ballot). While this warrant article increases school spending by a moderate 2.9%, it contains relief of approximately \$246,000 from the retirement of a Center Woods bond in addition to the 2.9% bottom line increase. The overall increase was larger than the Finance Committee was able to support in the same year as the proposed new Weare Middle School.
6. The Finance Committee **RECOMMENDS** approval of the John Stark High School budget (article #3 of the John Stark ballot). The Finance Committee notes a moderate 2.9% operating budget increase, but a significant tax impact projection **decrease** of more than \$600,000 compared to 2004. This is based on current State funding formulas (see comment #7 below).
7. Both the John Stark and Weare School net-tax-impact budgets are structured based on current State funding formulas. There is significant risk that the 2005 State funding formula will change and impact these budgets. The School Boards must finalize their budgets in February even though State funding won't be known until late June. This introduces lots of uncertainty to the budgeting and funding process. At least seven separate State Education funding bills are being considered in the Legislature at the time of this writing. While it is impossible to predict the outcome, Weare received more than \$8 million dollars in State Education funding in 2004; any 10% funding decrease could increase the tax rate by more than \$2.00 - \$200 in taxes per \$100,000 in assessed valuation. (In 2004, Weare actually received \$227,515 (+/- 2.7%) **more** in State funding than they had projected in the 2004 budget. The Weare School Board elected to return this entire amount to the taxpayers in June of 2004). 2005 funding formulas are likely to present more downside risk, so the Finance Committee advises the School Boards and taxpayers to stay informed, monitor progress, and have contingency plans formulated to deal with various outcomes and economic impacts.

The Finance Committee's summary recommendations and associated tax impacts are contained in the remainder of this document.

Town of Weare 2005

		2005 Tax Impact		
Article Description	Finance Cmtee Recommendation	NO Vote	YES Vote	MY Vote
Articles 1 – 22:	Not applicable for Finance Committee recommendation as no money is appropriated and there is no tax impact.	\$0.00	\$0.00	_____
Article 23: Operating Budget \$3,732,867.73 If this Article fails, the default budget will be \$3,627,414.64	RECOMMEND: FinCom believes this budget represents a good balance between fiscal responsibility and good government. Negotiations with the Board of Selectmen produced several significant reductions as compared to draft versions of the proposed budget. <ul style="list-style-type: none">• Vote Tally – Y-8, N-0, A-1	\$ 2.76	\$3.02	_____
Article 24: Fire and Police Capital Reserve Fund \$329,550	RECOMMEND: <ul style="list-style-type: none">• The Finance Committee thinks that the Capital Reserve program is a fiscally responsible one. Vote tally – Y-8, N-0, A-1	\$0.00	\$0.82	_____
Article 25: Capital Reserve, Town Computer and Building Maintenance Fund \$46,300	RECOMMEND <ul style="list-style-type: none">• The Finance Committee thinks that the Capital Reserve program is a fiscally responsible one. Vote Tally- Y-10, N-0, A-0	\$0.00	\$0.11	_____
Article 26: Capital Reserve Highway and Transfer Station Equipment replacement \$245,000	RECOMMEND <ul style="list-style-type: none">• The Finance Committee thinks that the Capital Reserve program is a fiscally responsible one. Vote Tally- Y-10, N-0, A-0	\$0.00	\$0.61	_____
Article 27: Purchase a used Fire Ladder Truck \$100,000, with a net tax impact of \$0	NO RECOMMENDATION - Not applicable for Finance Committee recommendation as no money is appropriated and there is no tax impact - This purchase is to be funded with General fund surplus. The Finance Committee believes this should be done rarely.	\$0.00	\$0.00	_____
Article 28: Holding Tank replacement at S Weare Fire Station \$10,000	RECOMMEND Vote Tally: Y-6, N-3, A-0	\$0.00	\$0.03	_____
Article 29: Truck purchase / lease for Building Department \$19,800, with a 2005 tax impact of \$6,934 (representing lease payments)	RECOMMEND <ul style="list-style-type: none">• The existing vehicle is undependable and unprofessional• Minority opinion was that staff could be paid mileage for use of personal vehicle Vote Tally: Y-6, N-2, A-1	\$0.00	\$0.02	_____

Article Description	Finance Recommendation	NO Vote	YES Vote	MY Vote
Article 30: Fund demolition of old center fire station and relocation of well \$ 30,000.00	RECOMMEND: <ul style="list-style-type: none">The Town voted to do this last year but did not appropriate any funds<i>The Finance Committee strongly recommends, however, that the Selectmen work with the Weare School Board to see if costs can be shared with the new WMS project if it is approved.</i> Vote Tally – Y-8, N-0, A-1	\$0.00	\$0.07	_____
Article 31: Establish General Maintenance fund for Fire Cisterns \$5,000.00	RECOMMEND: <ul style="list-style-type: none">The Finance Committee believes the existing equipment should be well maintained Vote Tally – Y-7, N-2, A-0	\$0.00	\$0.01	_____
Article 32: Road Reconstruction \$347,853 with a net tax impact of \$121,781	RECOMMEND: <ul style="list-style-type: none">Given the Highway Block Grant funding, this article delivers a lot for the tax impact. The Finance Committee supports the article. Vote Tally – Y-9, N-0, A-0	\$0.00	\$0.30	_____
Article 33: Bridge Improvement Maintenance Fund \$5,000	RECOMMEND: <ul style="list-style-type: none">The Finance Committee feels the Town Bridges need to be maintained and the Public Works department uses the money well. Vote tally – Y-9, N-0, A-0	\$0.00	\$0.01	_____
Article 34: Hazardous Waste Collection Days \$14,000, with a net tax impact of \$10,957 after grants	RECOMMEND: <ul style="list-style-type: none">The Finance Committee feels this is popular and keeps hazardous substances out of wells and landfills.This funds two collections days, as opposed to one last year. Vote tally – Y-8, N-0, A-1	\$0.00	\$0.03	_____
Article 35: Capital Reserve Fund – Fuel System Replacement \$10,000	DO NOT RECOMMEND: <ul style="list-style-type: none">The Finance Committee feels this is not a high priority this year and can be handled in subsequent years Vote tally – Y-1, N-6, A-2	\$0.00	\$0.03	_____
Article 36: Chase Park exotic weed inspections \$3,000	RECOMMEND: <ul style="list-style-type: none">The Finance Committee feels this is money well spent to protect Horace Lake. Vote tally – Y-7, N-2, A-0	\$0.00	\$0.01	_____
Article 37: Hire Part time assistant for the Selectmen’s office \$9,310	DO NOT RECOMMEND: <ul style="list-style-type: none">The Finance Committee feels that there are just too many other increases this year to support this item now, and that existing staff be utilized for the coming year. Prioritize next year? Vote Tally – Y-0, N-10, A-0	\$0.00	\$0.02	_____
Article 38: Library extended hours \$1,938	RECOMMEND: <ul style="list-style-type: none">The Finance Committee felt this was a minor financial impact and supportable Vote tally – Y-7, N-2, A-0	\$0.00	\$0.005	_____
Article 39: Capital Reserve – Library Computer Replacement Fund \$3,600 with \$0 net tax impact	RECOMMEND: <ul style="list-style-type: none">The Finance Committee voted on this before learning it had no tax impact. Existing Library funds will cover this expenditure.The Library had a system crash last year that destroyed many records and had to be manually re-created. Vote tally – Y-7, N-0, A-2	\$0.00	\$0.00	_____
Article 40: Conservation Fund funding \$250,000	NO RECOMMENDATION The Finance Committee makes no recommendation on this article - it is not an article that concerns itself with the effective running of the Town government, rather, it is one that each taxpayer can decide whether he/she supports based on individual priorities. Vote tally – Y-6, N-3, A-1	\$0.00	\$0.62	_____

Article Description	Finance Recommendation	NO Vote	YES Vote	MY Vote
Article 41: Combine Town Forest Account funds with Conservation Fund \$80,000 but \$0 tax impact	NO RECOMMENDATION Not applicable for Finance Committee recommendation as no money is appropriated and there is no tax impact.	\$0.00	\$0.00	_____
Article 42: Town Forest maintenance \$1,437 but \$0 tax impact	NO RECOMMENDATION Not applicable for Finance Committee recommendation as no money is appropriated and there is no tax impact.	\$0.00	\$0.00	_____
Article 43: Chase Park Capital Reserve Fund – re-fund from General Fund \$28,500 but \$0 tax impact	NO RECOMMENDATION Not applicable for Finance Committee recommendation as no money is appropriated and there is no tax impact. These monies were withdrawn from a similar fund last year and placed in the General Fund in order to re-name the fund; however, the warrant article to re-fund the newly named fund failed, leaving the money stranded in the General Fund. This article simply puts the money back.	\$0.00	\$0.00	_____
Article 44: Capital Reserve Recreational Field Development – re-fund \$17,900 – plus \$13,000 to fund new playground – both withdrawn from the General Fund surplus \$30,900 but \$0 tax impact	NO RECOMMENDATION Not applicable for Finance Committee recommendation as no money is appropriated and there is no tax impact. These monies were withdrawn from a similar fund last year and placed in the General Fund in order to re-name the fund; however, the warrant article to re-fund the newly named fund failed, leaving the money stranded in the General Fund. This article simply puts the money back. The \$13,000 for the playground facilitates a private matching grant.	\$0.00	\$0.00	_____
Article 45: Cable Fee revenues to fund Community Access TV Equipment Fund \$8,000	RECOMMEND Offset by Cable TV revenues Vote tally – Y-8, N-0, A-1	\$0.00	\$0.02	_____
Article 46: Employee Retirement Capital Reserve Fund \$10,000	DO NOT RECOMMEND: <ul style="list-style-type: none"> This funds payment accrued sick and vacation time in the event employees leave. This fund already has +/- \$30,000 in it. The Finance Committee feels that it is unlikely enough people would leave all at once, and the positions then be filled quickly enough, to not be handled by the existing budget and fund balance. Vote tally – Y-0, N-9, A-0	\$0.00	\$0.03	_____
Article 47: Cemetery Improvements \$15,000 but \$0 tax impact	NO RECOMMENDATION Not applicable for Finance Committee recommendation as no money is appropriated and there is no tax impact.	\$0.00	\$0.00	_____
Article 48: Increase the War Service Credit to \$400 from \$100 \$87,936 (est.)	RECOMMEND: <ul style="list-style-type: none"> Increases the tax credit for veterans Tax impact is estimated based on known taxpayers who are veterans Finance Committee recommends this article based on veterans’ service to their country. Vote tally – Y-8, N-0, A-1	\$0.00	\$0.22	_____
Article 49: Weare Patriotic Celebration \$6,000	RECOMMEND: <ul style="list-style-type: none"> Supports a cause that benefits the entire town. The 4th of July Committee has found it difficult to receive sufficient private contributions. Vote tally – Y-8, N-0, A-1	\$0.00	\$0.02	_____
Articles 50 through 56 - no recommendation given.	Not applicable for Finance Committee recommendation as no money is appropriated and there is no tax impact.	\$0.00	\$0.00	_____

Subtotal of Total Tax Impact - \$6.00
My Vote - Weare Municipal/ Town Government: _____

Weare School District 2005-2006

		2005/2006 Tax Impact		
Article Description	Finance Recommendation	NO Vote	YES Vote	MY Vote
Article 1 New Weare Middle School \$18,000,000 bond, total Warrant Article of \$18,510,000 2005/2006 tax impact of \$510,000	RECOMMEND: Vote Tally – Y-7, N-0, A-0 The Finance Committee agrees that spending money to keep making repairs to buildings that have outlived their usefulness is not an efficient use of taxpayer money. The proposed new school would not only meet the needs of current and future students, but would provide a valuable resource for the people of Weare.	\$0.00	\$1.27	<hr/>
Article 2 No financial impact – acceptance of reports	NO RECOMMENDATION: The finance committee makes no recommendation on this article because there is no tax impact.	\$0.00	\$0.00	<hr/>
Article 3: No financial impact - School Board and District officers’ salaries.	NO RECOMMENDATION: The finance committee makes no recommendation on this article because there is no tax impact.	\$0.00	\$0.00	<hr/>
Article 4: Operating Budget of \$9,250,200 Default budget is \$9,092,148	DO NOT RECOMMEND: The finance committee recommends an operating budget that equals the proposed budget less the debt service on the Center Woods Elementary School Bond. The bond has expired and the finance committee thinks that money should not be spent elsewhere in the budget. Vote Tally – Y-0, N-7, A-0	\$7.28	\$7.76	<hr/>
Article 5 Up to \$25,000 to the School Building Repair Expendable Trust Fund, funded from any current-year surplus. \$0 net tax impact	NO RECOMMENDATION: The finance committee makes no recommendation on this article, as there is no direct tax impact in the current year above that already in the proposed budget (#4 above). These funds (if they do become available), could be retained, expended, or returned to taxpayers; this article reserves them for school repairs.	\$0.00	\$0.00	<hr/>
Article 6: Up to \$25,000 to the Capital Reserve Fund for future school facility expansion, funded from any current-year surplus. \$0 net tax impact	NO RECOMMENDATION: The finance committee makes no recommendation on this article, as there is no direct tax impact in the current year above that already in the proposed budget (#4 above). These funds (if they do become available), could be retained, expended, or returned to taxpayers; this article reserves them for evaluation of future school needs initiatives.	\$0.00	\$0.00	<hr/>
Article 7: \$25,000 to fund the Weare School District Buildings and Grounds and Playing Fields Expendable Trust Fund.	DO NOT RECOMMEND The Finance Committee believes this is too much this year, considering the proposed new WMS (Article #1). Vote Tally: Y-2, N4, A-1	\$0.00	\$0.06	<hr/>

Subtotal of Total Tax Impact: \$9.22
My Vote - Weare School District

John Stark High School District 2004-2005

		2005/6 Tax Impact		
Article Description	Finance Recommendation	NO Vote	YES Vote	MY Vote
Articles 1 and 2: Reports and School Board administration	NO RECOMMENDATION: The finance committee makes no recommendation on this article because there is no tax impact.	\$0.00	\$0.00	_____
Article 3: Operating Budget of \$10,416,798 Default budget of \$10,255,586	RECOMMEND: <ul style="list-style-type: none">Requested appropriation represents a 2.1% increase over last year’s budget, and a 15% projected <i>decrease</i> in the net tax impact to Weare pending finalization of State aid.	\$8.67	\$8.93	_____
Article 4: New Teacher Contract - \$467,021 in 2005/6, lesser increase in subsequent 2 years	RECOMMEND: <ul style="list-style-type: none">Weare Finance Committee believes that the increase is modest enough to warrant support.	\$0.00	\$0.78	_____
Article 5 – Special Meeting	NO RECOMMENDATION: The finance committee makes no recommendation on this article because there is no tax impact.	\$0.00	\$0.00	_____
Article 6: Water and Septic Systems Expendable General Fund Trust. \$5,000	DO NOT RECOMMEND: <ul style="list-style-type: none">Weare Finance Committee thinks that if a problem arises, it can be addressed at that time.	\$0.00	\$0.01	_____
Article 7: Funding to continue to investigate a land lease/purchase for septic, wells, and athletic fields. \$1,000	DO NOT RECOMMEND: <ul style="list-style-type: none">Weare Finance Committee thinks that additional spending is not required to investigate land purchase deals.	\$0.00	\$0.002	_____
Article 8: Adding to the Buildings and Grounds Expendable Trust Fund. \$25,000	DO NOT RECOMMEND: <ul style="list-style-type: none">Weare Finance Committee thinks that the fund is too broad in scope and there is money in the operating budget that should cover buildings and grounds maintenance.	\$0.00	\$0.04	_____
Subtotal of Total Tax Impact:		\$9.76		
My Vote: JSHS School District		_____		

Total Proposed Tax Rate - Schools and Town Combined: \$24.99
Total Tax Rate – Schools and Town Combined – My Vote: _____

2005 Finance Committee Budget Summary and Analysis

Net Budget Impact of Largest Budget Groupings						
Net of all other Non-Local Property Tax Revenues			Valuation Assumptions			
			School - 05/06 \$ 401,521			
			Town - 05 \$ 401,521			
		2005 Budget	% Total	Tax Rate	Def Budget	Def Tax Rate
Weare School District		\$ 3,117	32%	\$ 7.76	\$ 2,922	\$ 7.28
John Stark School Distr		\$ 3,586	37%	\$ 8.93	\$ 3,479	\$ 8.67
Town Govt Net Op. Budget		\$ 1,214	13%	\$ 3.02	\$ 1,108	\$ 2.76
Town Warrant Articles		\$ 1,197	12%	\$ 2.98	\$ -	
Weare School Warrant Articles		\$ 585	6%	\$ 1.46	\$ -	
JS School Warrant Articles *		\$ 333	3%	\$ 0.83	\$ -	
TOTAL		\$ 9,699		\$ 24.99		\$ 18.70
*Weare share						

DEPARTMENT ROLL-UP		2004 Budget	2005 Budget	% Total	% Incr	\$ Incr	Default
	General Town Govt	732	771	7%	5%	\$ 40	723
	Police Department	772	860	8%	11%	\$ 88	848
	Fire / Emerg Mgt	185	260	2%	41%	\$ 75	235
	Code Enforcement	89	88	1%	-1%	\$ (1)	88
	Highways and Streets	818	921	9%	13%	\$ 103	913
	Transfer Station	369	365	3%	-1%	\$ (4)	363
	All Other	495	466	4%	-6%	\$ (29)	457
	Gross Budget Subtotal - Town	3,460	3,731		8%	\$ 272	3,627
	Weare School District	2,890	3,117	30%	8%	\$ 227	NA
	John Stark School Distr	4,231	3,586	34%	-15%	\$ (645)	NA
	Net Budget Subtotal - Schools	7,121	6,703		-6%	\$ (418)	
	All figures in \$000s - TOTAL	\$ 10,581	\$ 10,434		-1%	\$ (146)	

Town figures above are pre-revenue; school figures are net of State aid. Town figures off by \$2 due to rounding.

CATEGORY ROLL-UP - Town		2004 Budget	2005 Budget	% Total	% Incr	\$ Incr	Default
	Salaries & Wages	\$ 1,598	\$ 1,696	45%	6%	\$ 98	
	Benefits & Taxes	\$ 480	\$ 568	15%	18%	\$ 88	
	Dumping, Tipping, Hauling	\$ 254	\$ 234	6%	-8%	\$ (20)	
	Assessment Contract	\$ 81	\$ 82	2%	1%	\$ 1	
	Salt	\$ 77	\$ 102	3%	32%	\$ 25	
	Debt Service	\$ 172	\$ 167	4%	-3%	\$ (5)	
	Utilities Re-allocation (plug)	\$ 61	\$ 49	1%	-20%	\$ (12)	
	All Other	\$ 737	\$ 835	22%	13%	\$ 99	
	TOTAL	\$ 3,460	\$ 3,733		8%	\$ 274	\$ 3,627
	Check - Warant Article Amts:		\$ 3,733				\$ 3,627
	All figures in \$000s	Benefits & Taxes Load:			33%	(% benefit & tax : salary)	